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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/491,388	01/26/2000	Robert Cadoux	99629	8477

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Mark G. Knedeisen Esquire
Kirkpatrick & Lockhart LLP
Henry W. Oliver Building
535 Smithfield Street
Pittsburg, PA 15222-2312

EXAMINER

PWU, JEFFREY C

ART UNIT

PAPER NUMBER

3628

DATE MAILED: 04/24/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/491,388	CADOUX, ROBERT	
	Examiner	Art Unit	
	Jeffrey Pwu	3628	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 8/12/2002 amendment.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-19 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-19 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on _____ is: a) ☐ approved b) ☐ disapproved by the Examiner.
If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
* See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) Paper No(s). _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449) Paper No(s) <u>9</u> | 6) <input type="checkbox"/> Other: _____ |

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DETAILED ACTION

1. The group art unit of the Examiner handling your case has changed. The new art unit is **3628**. Please use current art unit on all correspondence to help us route your case in a timely fashion.

Claim Rejections - 35 USC § 112

2. The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

3. Claims 1-19 are rejected under 35 U.S.C. 112, first paragraph, as containing subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention. It is unclear and lack of description of a pricing procedure and a description on how pricing procedure relates to various stages of the initial public offering.

4. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

5. Claims 1-19 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. It is vague and unclear of what is the pricing procedure and the effects on various stages of the offerings.

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Claim Rejections - 35 USC § 103

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

7. Claims 1-19 are rejected under 35 U.S.C. 103(a) as being unpatentable over “Going Public and the Nasdaq Market”-Chapter 7-The NASDAQ Handbook-1992 Edition, by Gordon S. Macklin, Abby M. Adlerman, and Kenneth Hao, herein after Macklin in view of “Handbook of Modern Finance”, 1995 Edition, Dennis E. Logue, herein after Logue.

Macklin teaches a method for offering stock substantially claimed including:

- ▶ offering a first portion of shares of the stock of the initial public offering to public investor at a first price (IPO; page 103, lines 26; “Going Public”);
- ▶ offering the second portion of the shares of the initial public offering to public investors at a second price after a first trading interval of a first predetermined and predisclosed time period after the offering of the first portion, wherein the first portion of the shares and second portion of the shares are owned by the privately-held company and wherein a pricing procedure for the first and second portions of the shares is predetermined and predisclosed prior to the first offering. (page 103; “As the stock prices appreciate due to improving market conditions or as the company builds credibility with investors, the company can structure a larger follow-on offering at a higher valuation”);

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► trading at least one portion of the shares during the at least one trading interval (pages 108-109).

Macklin does not expressly show offering a plurality of serial offering stages for the purpose of raising capital and reduce market volatility.

It was known at the time of the invention that any privately-held company before going IPO, the following basic issues are being considered:

- 1) When should the IPO occur?
- 2) How large should the offering be?
- 3) What will be the approximate valuation?
- 4) Which trading market should the company choose?

It is well known that during an IPO, the investment bankers will frequently refine their valuation analysis to incorporate the constant changing business conditions and stock market environment. It is also well known that in the investment banking industry that a serial staged IPO is similar to a shelf registration, in which bonds are traded in a first stage, second stage, third stage, or any number of stages. It is not uncommon in an initial public offering for the issue to be a combination of a primary and secondary offering, meaning that part of the issue represents new capital for the company and part is the sale of stock by existing shareholders that wish to liquidate all or some of their holdings.

Logue shows that the offering of a primary offering, a secondary or a plurality of serial offering stages for the purpose of raising capital. It is one of the investment banking industry's most basic activity under underwriting. (See pages A2-4,5)

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It would have been obvious to a person having skill in the art at the time of the invention to offer a best initial offering price for a financial instrument as taught by Macklin to best estimate a initial valuation of the stock and to offer Logue's second and/or a plurality of serial offering stages for the purpose of seeking a highest sustainable valuation during an IPO process and to attract more investors.

Response to Arguments

8. Applicant's arguments with respect to claims 1-19 have been considered but are moot in view of the new ground(s) of rejection.

9. Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Jeffrey Pwu whose telephone number is (703) 308-7835.

Jeffrey Pwu



Apr 20, 2003

JEFFREY PWU
PRIMARY EXAMINER